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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549OMB APPROVAL
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8-52780ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING January 1, 2001 AND ENDING December 31, 2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

GLOBAL TRADZ, INC.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

103 N. River Rd.

Waterville

(No. and Street)
OH

43566

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Kevin Overy

(419) 878-1900

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mira + Kolena, Ltd.

(Name — if individual, state last, first, middle name)

4841 Monroe St., Suite 350

Toledo

OH

43623

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

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FOR OFFICIAL USE ONLY

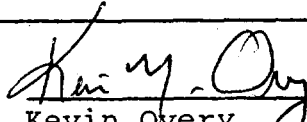
P THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

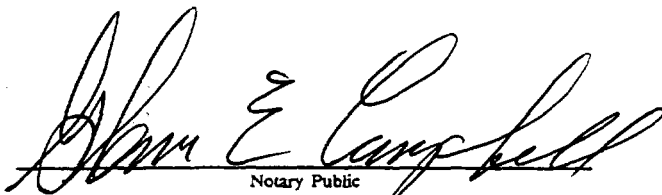
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OATH OR AFFIRMATION

I, Kevin Overy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Global Tradz, as of December 31, ~~xx~~ 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Kevin Overy
Vice President

Title


Notary Public

GLENN E. CAMPBELL
Notary Public, State of Ohio
My Commission Expires 3-9-03

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of ~~Changes in Financial Condition~~ Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditors' report on internal accounting control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Global Tradz, Inc.
Financial Statements
and Supplemental Information
For the Year Ended December 31, 2001

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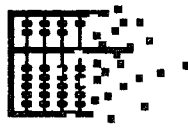
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MIRA+KOLENA

Charles J. Mira, J.D., CPA
Thomas E. Kolena, CPA/ABV

Certified Public Accountants & Consultants

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Member of:
American Institute
of Certified Public
Accountants

Ohio Society of
Certified Public
Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Global Tradz, Inc.

We have audited the accompanying statement of financial condition of Global Tradz, Inc. as of December 31, 2001, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Tradz, Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is in the early stage of operations, has suffered losses from operations and is in the process of raising additional capital. These conditions raise significant doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 1. The financial statements do include any adjustments that might result from the outcome of this uncertainty.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Mira + Kolena, Ltd.

Toledo, Ohio
February 8, 2002

Global Tradz, Inc.
Statement of Financial Condition
December 31, 2001

Assets

Current assets:

Cash	\$ 31,334
Accounts receivable:	
Clearing organization	28,095
Affiliated parties	3,250
	<u>31,345</u>
Prepaid expenses	4,392
Total current assets	<u>67,071</u>

Property and equipment:

Equipment and software	99,077
Less accumulated depreciation	31,111
Net property and equipment	<u>67,966</u>

Other assets - deposits:

Clearing organization	44,976
Other	9,000
	<u>53,976</u>

Total assets	<u><u>\$ 189,013</u></u>
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Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 6,278
Accrued liabilities:	
Payroll and commissions	14,000
401(k) contribution and payroll withholdings	4,509
	<u>18,509</u>
Current portion of capital leases payable	15,174
Total current liabilities	<u>39,961</u>

Capital leases payable, less current portion	14,295
--	--------

Stockholders' equity:

Common stock, no par value; 100,000 shares authorized, 43,160 shares issued and outstanding	790,500
Deficit	(655,743)
	<u>134,757</u>

Total stockholders' equity	<u>134,757</u>
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Total liabilities and stockholders' equity	<u><u>\$ 189,013</u></u>
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See accompanying notes to financial statements.

Global Tradz, Inc.

Statement of Operations

Year Ended December 31, 2001

Revenues:	
Commissions	\$ 231,917
Net realized gain on sale of securities	43,169
Other	<u>21,139</u>
Total revenues	296,225
Expenses:	
Clearing charges	201,591
Salaries and wages	182,138
Advertising	99,298
Professional fees	73,545
Rent	65,141
Telephone	36,762
Depreciation	30,997
Licenses	27,627
Commissions	17,983
Insurance	17,475
Miscellaneous	13,922
Travel and entertainment	12,510
Interest	12,366
Office supplies	11,082
Payroll taxes	10,315
Computer	9,974
Data charges	8,622
Utilities	8,290
Miscellaneous	<u>30,801</u>
Total expenses	<u>870,439</u>
Net loss	<u><u>\$ (574,214)</u></u>

See accompanying notes to financial statements.

Global Tradz, Inc.

Statement of Changes in Stockholders' Equity

Year Ended December 31, 2001

	<u>Stock</u>	<u>Deficit</u>	<u>Total</u>
Balance at December 31, 2000	\$ 500,500	\$ (81,529)	\$ 418,971
Proceeds from sale of common stock	290,000		290,000
Net loss	<u> </u>	<u>(574,214)</u>	<u>(574,214)</u>
Balance at December 31, 2001	<u>\$ 790,500</u>	<u>\$ (655,743)</u>	<u>\$ 134,757</u>

See accompanying notes to financial statements.

Global Tradz, Inc.

Statement of Cash Flows

Year Ended December 31, 2001

Cash flows from operating activities:

Net loss	\$ (574,214)
Adjustments to reconcile net loss to net cash flows used in by operating activities:	
Depreciation	30,997
Gain on sale of equipment	(4,140)
Changes in assets and liabilities:	
Accounts receivable	(31,345)
Prepaid expenses	(4,392)
Deposits and other assets	27,573
Accounts payable	(1,722)
Accrued liabilities	1,480
Net cash used in operating activities	<u>(555,763)</u>

Cash flows from investing activities:

Capital expenditures	(46,784)
Proceeds from disposal of property and equipment	36,598
Net cash provided by investing activities	<u>(10,186)</u>

Cash flows from financing activities:

Proceeds from sale of common stock	290,000
Payments on capital leases	(5,730)
Net cash provided by investing activities	<u>284,270</u>

Decrease in cash (281,679)

Cash at beginning of year 313,013

Cash at end of year \$ 31,334

Supplemental cash flow disclosure:

Cash paid during the period for interest \$ 12,366

Non-cash financing and investing activities:

Sale of equipment in exchange for assumption of lease obligations \$ 29,032

See accompanying notes to financial statements.

Global Tradz, Inc.

Notes to Financial Statements

December 31, 2001

1. Summary of Significant Accounting Policies

Nature of Business and Ownership

Global Tradz, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission. The Company does not hold customer securities as the Company clears all transactions with and for customers on a fully disclosed basis with a clearing broker. The Company's customer base is located primarily in Ohio.

Basis of Presentation and Going Concern

As shown in the accompanying financial statements, the Company incurred a loss of \$574,214 for the year ended December 31, 2001. The Company has working capital of \$27,110, does not have a credit facility and is in the process of raising additional capital for operations. These factors raise significant doubt as to the Company's ability to continue as a going concern at December 31, 2001. Management has developed a plan to increase revenue, achieve profitable operations and is in the process of obtaining investors to provide additional capital. To provide an incentive to new investors, the Company's common stock offering was approved by the State of Ohio under the Technology Investment Tax Credit Program whereby qualified investors are eligible for a State of Ohio tax credit (see Note 6). The ability of the Company to continue as a going concern is dependent on the success of this plan. These financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used as a basis for these financial statements.

Revenue Recognition

The clearing broker records customer securities transactions and the Company records the related commission revenue and expense on a trade date basis.

Property and Equipment

Property and equipment is carried at cost. Depreciation of property and equipment, which includes amortization of capital leases, is computed on the double declining balance method over the estimated useful lives of the assets which range from 5 to 7 years.

Advertising Costs

The Company expenses advertising costs as they are incurred which amounted to \$113,125 for the year ended December 31, 2001.

2. Clearing Arrangement

The Company has entered into a fully-disclosed clearing arrangement with Computer Clearing Services, Inc. ("CCS"), whereby customer's accounts are cleared and carried by this clearing organization. The agreement calls for the Company to maintain a deposit balance in account maintained by CCS. At December 31, 2001, the Company had \$44,976 cash on deposit to satisfy this requirement and is included in deposits with clearing organizations in the statement of financial condition. The agreement is through December 2002 and with automatic renewals for six month terms unless terminated by either party with 60 days notice.

Global Tradz, Inc.

Notes to Financial Statements

December 31, 2001

2. Clearing Arrangement - continued

The Company has agreed to indemnify CCS from damages or losses resulting from customer transactions. The Company is exposed to off balance sheet risk of loss in the event that customers are unable to fulfill contractual obligations including their obligations under margin accounts. The Company seeks to control the nonperformance by its customers by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the closing broker's internal guidelines. The Company monitors its customers' activity by reviewing information it receives from its clearing broker and monitoring customers' online trades on a daily basis and by requiring customers to deposit additional collateral, or reduce positions, when necessary.

3. Income Taxes

The federal income tax provision differs from the amount computed under the statutory rates in 2001 due principally to certain expenses which are not deductible for federal income tax purposes and recording a valuation allowance against deferred tax assets. Deferred income taxes are recorded using the asset and liability approach to recognize assets and liabilities for expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. At December 31, 2001 deferred income taxes are related to the following:

Deferred income tax assets:	
Net operating loss carryforwards	\$ 97,000
Organization costs	3,000
Total deferred income tax assets	<u>100,000</u>
Valuation allowance	<u>(100,000)</u>
Net deferred income tax assets	<u>\$ -</u>

At December 31, 2001, the Company has net operating loss carryforwards of approximately \$650,000 which expire in year 2021. However, since the ultimate realization of net deferred income tax assets is dependent upon the generation of future taxable income, among other things, net deferred tax assets has been reduced by a valuation allowance of \$100,000 at December 31, 2001.

4. Related Party Transactions

In 2001, the Company leases office space and equipment under noncancelable operating leases from a company affiliated through common ownership. Total rent expense under these leases was approximately \$65,000 for the year ended December 31, 2001 (\$55,000 paid to an affiliated party). Minimum rental commitments under these long-term leases for years subsequent to December 31, 2001 are as follows:

2002	\$ 68,550
2003	60,385
2004	1,154
	<u>\$ 130,089</u>

The Company provides rental of office space to a company affiliated through common ownership. The total amount of rent received from this affiliated company was \$11,000 for the year ended December 31, 2001.

Global Tradz, Inc.

Notes to Financial Statements

December 31, 2001

4. Related Party Transactions - continued

The Company sold certain equipment with a net book value of \$56,000 to affiliated parties and recognized a gain of approximately \$4,000.

5. Capital Lease Payable

The Company leases office equipment and computers under noncancelable leases classified as capital leases in property and equipment. Property and equipment includes cost of \$44,861 and accumulated depreciation of \$16,586 at December 31, 2001 related to these leases. Minimum rental commitments under these long-term leases for years subsequent to December 31, 2001 are as follows:

2002	\$ 17,046
2003	14,916
	<u>31,962</u>
Less amounts representing interest	(2,493)
Present value of future minimum lease payments	<u>\$ 29,469</u>

6. Common Stock

The Company is offering for sale under a Private Placement Memorandum up to 250 units for \$10,000 per unit. Each unit represents 40 shares (\$250 per share) of common stock and a warrant to purchase 40 additional shares. The warrant will be exercisable at \$250 per share for 60 days following the Company obtaining an additional \$5,000,000 in equity financing. Subscriptions for a maximum of 250 units (\$2,500,000) are currently being offered. At December 31, 2001, 79 units have been sold and 8 units (\$80,000) have been sold in 2002 through February 8, 2002. Upon subscription, each shareholder has entered in into a Stock Restriction Agreement which provides that the shares of common stock must be offered to the Company and then to existing shareholders prior to any sale to a party outside the existing shareholder group. The Agreement provides that the Company or the existing shareholders have the option to purchase common stock at the offer price of the selling shareholder for cash or payable over four years with interest at 8%. In November 2001, the State of Ohio approved \$1,000,000 of this stock offering for a State of Ohio tax credit equal to 25% of the amount invested for qualified investors under the Technology Investment Tax Credit Program. This tax credit expires in May 2002; however, it may be extended upon approval from the State of Ohio.

7. 401(k) Plan

The Company has a 401(k) Plan which covers all employees who meet eligibility requirements. The Plan provides for a matching Company contribution up to a maximum amount of 3% of an employee's compensation. The Company contributed approximately \$6,700 to the plan for the year ended December 31, 2001.

8. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital of \$50,000 at December 31, 2001 and requires that the ratio of aggregate indebtedness to net capital, as defined under the above regulation, shall not exceed 15 to 1. The Company had net capital of \$64,330 and a net capital ratio of .39 to 1 at December 31, 2001.

SUPPLEMENTAL INFORMATION

Global Tradz, Inc.

**Computation of Net Capital
Under Rule 15c3-1 of the Securities and Exchange Commission**

Year Ended December 31, 2001

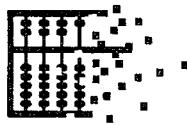
Net capital:	
Total stockholders' equity	\$ 134,757
Deductions of nonallowable assets:	
Prepaid expenses	4,392
Other unsecured receivables	3,250
Other assets	9,553
Net property and equipment	53,232
Total deductions	<u>70,427</u>
Net capital	<u>\$ 64,330</u>
Aggregate indebtedness	<u>\$ 24,787</u>
Computation of basic net capital - minimum net capital required	<u>\$ 50,000</u>
Excess net capital	<u>\$ 14,330</u>
Ratio - aggregate indebtedness to net capital	<u>.39 to 1</u>
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31):	
Net capital as reported in Company's Part II (unaudited)	\$ 82,469
Increase in accounts payable	(6,278)
Increase in capital leases payable	(4,462)
Increase in accrued liabilities	(110)
Decrease in deposits	(8,000)
Increase in property and equipment	711
Net capital per above	<u>\$ 64,330</u>

Global Tradz, Inc.

**Computation For Determination of
Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission**

December 31, 2001

Global Tradz, Inc. claims exemption from Rule 15c3-3 pursuant to subparagraph (k)(2)(ii) because the Company does not carry customer accounts as the Company clears all transactions with and for customers on a fully disclosed basis with a clearing broker.



MIRA+KOLENA

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Thomas E. Kolena, CPA/ABV

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Ohio Society of
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

Board of Directors
Global Tradz, Inc.

In planning and performing our audit of the financial statements of Global Tradz, Inc. for the for the year ended December 31, 2001, we considered its internal control structure, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by Global Tradz, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment of securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodian functions related to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in internal control that might be a material weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts

Board of Directors
Global Tradz, Inc.

Page 2

that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001 to meet the SEC's objectives.

The report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not and should not be used for any other purpose.

Mira + Kolena, Ltd.

Toledo, Ohio
February 8, 2002